

Chehalem Physical Therapy, et al. v. Coventry Health Care
Methodology for Identifying Providers to Receive Settlement Class Notice

This document describes the methodology that was used to identify providers who will receive notice of the class settlement in this action.

Data Sources

Provider data was extracted from Workbench (First Health Provider Data Base) and CPD (Coventry Provider Data Base).

Data was extracted for dates beginning 4/1/98 through 12/31/13.

Pricing data was extracted from MCPS (First Health/Coventry Managed Care Pricing System).

Pricing data used was only for claims priced under the workers compensation product. Providers that did not submit workers' compensation bills during the class period were excluded.

Providers that were paid in non-regulated fee schedule states were excluded. These states were New Hampshire, New Jersey, Iowa, Indiana, Missouri, Virginia, Wisconsin, Puerto Rico and Virgin Islands.

Initial Provider Identification

Using Workbench provider data, a list of providers was extracted identifying Provider Name, TIN, Rate Class and Contract Entity. Rate Class identifies the workers compensation participation and Contract Entity identifies the contract basis (First Health and Affordable and other entities acquired by First Health).

Data was pulled on any record with an active workers compensation product from April 1, 1998, through December 2007. (December 1, 2007 is the date that Workbench was migrated to the Coventry Provider Data Base). First Health contracts officially began to be used in August, 1998, but some contracts had been sent to providers before that date. Coventry contracts began to be used as of January 2007. Because of delays in execution and credentialing, the effective date for some First Health contracts would have been after January 1, 2007. It is assumed that by the end of 2007, when Workbench was replaced by CPD, contracts primarily would have been Coventry Health Care contracts.

Records for individual and group practices and facilities (hospital/ ASC/ ancillaries) were extracted.

Providers must have at least a Contract Entity equal to FH (First Health). Contract Entity equal to First Health includes contracts of First Health as well as Affordable and other entities acquired by First Health.

Providers who have more than one Contract Entity were included if they have at least one Contract Entity equal to First Health.

Providers must have at least one Participation Class equal to WC (First Health workers compensation product). Providers having more than one Participation Class were included if at least one Participation Class is equal to WC.

Those providers identified as Hospitals, ASCs, or other similar ancillary facilities were reviewed to determine if an outpatient fee schedule was included in its rates. Generally hospitals will have rate package set-ups that do not include "maximum amount payable" language. However, some hospital or other ancillary contracts may include "break out" schedules similar to outpatient rate schedules. Hospitals or other ancillary contracts with these "break out" schedules were included.

This Base Provider File included those providers who had a First Health contract, active at some point between 1998 and 2008, and participated and were paid pursuant to the workers compensation rates of the First Health contract.

Data Analysis

MCPS claims data were analyzed for the list of Workbench and CPD providers and associated Tax Identification Numbers (TINs) identified by the initial provider identification procedure described above. Since hospital bills are typically priced at a bill-level and only contain a bill-level WC fee-schedule amount or a distorted value where the full fee-schedule is placed on a single line, the data for all hospitals is at a bill-level only. The data for OCN providers is at a line-level.

The following is a summary of the criteria that were used to extract information for each spreadsheet of providers.

Workbench Hospitals

- * Bill was priced in MCPS with the "WC" participation class using a FH Provider ID (PROV_ID) and the TIN (TAX_ID) from the initial provider list with a NTWRK_GRP_CD = 'HSP'

- * Bill was received by MCPS between 4/1/1998 and 9/30/2007 (Date of Conversion to CPD)
- * Total Billed Charges equals the bill-level WCA Amount submitted by the client
- * Bill level negotiated rate is greater than zero
- * WC State was not New Hampshire, New Jersey, Iowa, Indiana, Missouri, Virginia, Wisconsin, Puerto Rico and Virgin Islands
- * If the bill was adjusted in MCPS, only the latest adjustment was included assuming it meets the criteria described above

Workbench OCN

- * Bill was priced in MCPS with the "WC" participation class using a FH Provider ID (PROV_ID) and the TIN (TAX_ID) from initial provider list with a NTRWK_GRP_CD = 'OCN'
- * Bill was received by MCPS between 4/1/1998 and 9/30/2007 (Date of Conversion to CPD)
- * Total Line Charges equals the line-level WCA Amount submitted by the client
- * Line level negotiated rate is greater than zero
- * WC State was not New Hampshire, New Jersey, Iowa, Indiana, Missouri, Virginia, Wisconsin, Puerto Rico and Virgin Islands
- * If the bill was adjusted in MCPS, only the latest adjustment was included assuming it meets the criteria described above

CPD Hospitals

- * Bill was priced in MCPS with the "WC" participation class using a CPD Provider ID (CPD_ID) and the TIN (TAX_ID) from the initial provider list with a PRV_TYPE = 'H' (Hospital)
- * Bill was received by MCPS between 10/1/2007 (Date of Conversion to CPD) and 12/31/2013

- * Total Billed Charges equals the bill-level WCA Amount submitted by the client
- * Bill level negotiated rate is greater than zero
- * WC State was not New Hampshire, New Jersey, Iowa, Indiana, Missouri, Virginia, Wisconsin, Puerto Rico and Virgin Islands
- * If the bill was adjusted in MCPS, only the latest adjustment was included assuming it meets the criteria described above

CPD OCN

- * Bill was priced in MCPS with the "WC" participation class using a CPD Provider ID (CPD_ID) and the TIN (TAX_ID) from the initial provider list with a PRV_TYPE != 'H' (Ancillary, Physician)
- * Bill was received by MCPS between 10/1/2007 (Date of Conversion to CPD) and 12/31/2013
- * Total Line Charges equals the line-level WCA Amount submitted by the client
- * Line level negotiated rate is greater than zero
- * WC State was not New Hampshire, New Jersey, Iowa, Indiana, Missouri, Virginia, Wisconsin, Puerto Rico and Virgin Islands
- * If the bill was adjusted in MCPS, only the latest adjustment was included assuming it meets the criteria described above

Results

The initial list of providers included 13,754 TINs and a total of 60,916 distinct providers. The final list, after duplication resulting from providers appearing in both Workbench data and CPD data was removed and the data analysis was performed, contained 44,983 distinct providers, 37,923 of which had billing activity during the settlement class period.

Limitations

The methodology was designed to attempt to identify those providers who had First Health provider agreements and who submitted workers' compensation bills

Exhibit 1

during the class period for which the billed charge for a service was less than the state fee schedule amount for that service and a discount was applied to the billed charge amount. The methodology has some limitations, however.

An individual contract review would be necessary to identify with specificity the providers whose provider agreements were on First Health paper. Provider agreement effective dates were therefore used to identify providers that were most likely to have First Health agreements. To attempt to ensure that providers with First Health paper were identified, the date range during which First Health agreements were primarily used was expanded to account for the time it takes to negotiate and execute provider agreements, to credential the providers, and implement the agreements. It is likely that the data include providers that did not have provider agreements that were on First Health paper.

Of the providers identified with a First Health Contract Entity and First Health Rate Class, a percentage of the "base" provider list also had a CCN rate class attached to the providers' records. Records with a CCN rate class include providers who also had a CCN contract in addition to their First Health contract. Those records, based on client set-up, would price to the contract rate defined by client access/provider linking. This means a provider could price under his First Health contract rate for one client, but his CCN contract rate for another. 46% of the providers had overlapping CCN contracts. An unknown percentage (estimated to be approximately 10%) would have priced under their CCN contracts.

Some percentage of the providers identified through this methodology would not have had "maximum amount payable" language in their contract reimbursement appendix. A review of Oregon and Washington appendix forms indicated that "maximum amount payable" language was only present in 48% of the appendix forms. It cannot be determined how many providers used the forms with "maximum amount payable" language without a review of individual contracts.

Some provider records have multiple TINs per unique provider, that is, a provider record contains two or more active TINs. However, one or more of those TINs are either terminated or there was a conversion error. Without provider-by-provider detailed research it would be impossible to identify which providers this issue affects.

Some providers appear on both the Workbench and CPD lists. That duplication will need to be eliminated as a part of the notification process. In addition, More than one address is listed for some providers. The address discrepancy will also need to be resolved.

There is not a one-to-one relationship between the providers indicated on the provider lists and contract entities. In many cases multiple providers submit bills

Exhibit 1

through a single contract entity. For example, a physician group practice may have had a provider agreement with First Health and each individual physician in the group billed through the group practice's TIN. Without a review of individual contracts, it is not possible to identify which provider or providers that bill through a single TIN had provider agreements with First Health. As a result, the lists include providers that did not have individual contracts with First Health.

Coventry's data do not enable Coventry to identify bills that contained a billed charge for a service that was less than the state fee schedule amount for the service. As a surrogate for that requirement of the class definition, providers were included if they submitted billed charges equal to the workers' compensation allowable amount for the service that Coventry received from its payor clients. The data therefore includes providers that submitted billed charges that were equal to, not less than, the state fee schedule amount.